

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN GAY ANN MASOLO**, on March 5, 2001 at 3:18 P.M., in Room 137B Capitol.

ROLL CALL

Members Present:

Rep. Gay Ann Masolo, Chairman (R)
Rep. Kathleen Galvin-Halcro, Vice Chairman (D)
Rep. Bob Lawson, Vice Chairman (R)
Rep. Joan Andersen (R)
Rep. Norma Bixby (D)
Rep. Gary Branae (D)
Rep. Nancy Fritz (D)
Rep. Verdell Jackson (R)
Rep. Hal Jacobson (D)
Rep. Larry Lehman (R)
Rep. Jeff Mangan (D)
Rep. John Musgrove (D)
Rep. Alan Olson (R)
Rep. Ken Peterson (R)
Rep. Butch Waddill (R)
Rep. Allan Walters (R)
Rep. Merlin Wolery (R)

Members Excused: Rep. Joe McKenney (R)

Members Absent: None.

Staff Present: Dave Bohyer, Legislative Branch
Nina Roatch, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 260, 3/1/2001;
SB 425, 3/1/2001
Executive Action: SB 260 as Amended; SB 425

HEARING ON SB 260

Sponsor: SENATOR DALE MAHLUM, SD 35, Missoula

Proponents: Lance Melton, MSBA
Loran Frazier, SAM
Dave Puyear, MREA
Erik Burke, MEA-MFT

Opponents: None

Informational: Robert Throssell, Montana County Treasurer's
Association
Paulette Jettart, Lewis and Clark County

Opening Statement by Sponsor:

SENATOR DALE MAHLUM, SD 35, Missoula, said his bill would allow trustees of a school district to establish and temporarily transfer district funds into independent investment accounts. It would increase school board control over investments, establishing guidelines for district expenditures for investment accounts. It provides school districts with an option, not a mandate.

Proponents' Testimony:

Lance Melton, MSBA, stated the bill increases the school districts' authority to invest their funds. Essentially, they can invest their checking account funds. At present school district investments are limited to very conservative areas. They are never going to bring double digit growth. It isn't going to do well in the stock market because they can't invest in the stock market. Investments that can be invested in, earn between 5 1/2% and 6 1/2% returns. The bill will allow the districts to gain that rate of return as frequently as possible throughout the entire month. A school district can keep its checking account in an invested status up until the time when the creditors come forth and say the bills have to be paid. The district can put the money into the checking account and pay the debt. The district can gain a greater rate of return than at present. You can see we worked on a couple of amendments over on the senate side. Those amendments were designed to cover the fiscal impact. You may have a fiscal note on this bill. It shows \$234. We amended it in section 1, with a new section 9, to provide that the school districts will pay the automatized clearing house charges. OPI projected that might run \$234 a year and they thought it would be better to take it out rather than

trying to run it through appropriations. There are amendments here today that you will probably get from the Montana County Treasurers Association. He said he wants to give you an assurance that MEA-MFT is comfortable with the amendments. They worked with the treasurers to get some refinement on the bill. The amendments are designed to provide for a contract between the treasurer and the school district, laying out the requirements of how this is going to take place. They speak to a certain amount of time that the agreement must exist, which is at least five years, and say that the agreement should coincide with the fiscal year, the only exception being the first fiscal year. This will be in operation and the amendments would allow districts to start the program up until October 1. This is a good bill, it will help school districts be more efficient in their expenditures and generate greater rates of return on their different accounts.

Erik Burke, MEA-MFT, said his organization stands in support of the bill. It allows school districts to have the flexibility to manage their funds like one would expect good managers of any accounts to have the flexibility to do so. It will lead to greater efficiency and greater resources at this level.

Opponents' Testimony: None

Informational Testimony:

Robert Throssell, Montana County Treasurers Association, said his organization has some written amendments to offer to the bill. He handed out the amendments. **Dave Bohyer, LSD**, said the wording needed some technical changes but they were acceptable.

Mr. Throssell said the treasurers had some simple concerns about a school district setting up one of these accounts on its own, writing the agreement, working out the details of how these transfers are going to take place. The treasurers are concerned about a time limit. They don't want the school district to jump in and out of the county system, so they want the time to be set, which the amendment states is five years. Since we are approaching the fiscal year 2002, the amendment extends the time limit this one time, to allow districts and treasurers to enter into an agreement, make it effective July 1, but gives them until October 1, 2001, to complete the agreement. It allows for renewal. The terms would be such with a five-year agreement, that both the treasurer and the school district could review it. If a new treasurer came in, his term is for four years, it would give a newly elected county treasurer a chance to work with the district and review the plan. The association doesn't take a position one way or the other on the policy behind the bill, but if the committee does see fit to concur on the bill, he asks the

amendments be accepted to address the practical aspects that he has brought forth.

Questions from Committee Members and Responses:

REPRESENTATIVE ANDERSEN had a question for **Mr. Melton**. Is the legislature being asked to delete out of current law starting on page 3 through the middle of page 7, where the lines are crossed out? **Mr. Melton** said if the question is: Is the effect of these amendments to repeal those sections? The answer is no. Those sections had amendments in them. They stripped off the amendments in the Senate side, so the stricken language does not eliminate that provision from the law, it simply means that those provisions will no longer be changed.

Closing by Sponsor:

REPRESENTATIVE MAHLUM said when this bill first came before the Senate Education Committee, they had some problems with the bill which they didn't realize when the bill was written. The problems existed with the county treasurer's office. Unknowingly, when the bill was written up, it created a problem for the treasurers, as far as making too much work for them. They made whatever changes needed to please the treasurers. They worked together with the amendments and have made a good bill. It is good for the school districts of Montana and he would urge the committee's support.

EXECUTIVE ACTION ON SB 260

Motion: REP. GALVIN-HALCRO moved that SB 260 BE CONCURRED IN.

Motion/Vote: REP. MANGAN moved that SB 260 BE AMENDED. Motion passed unanimously.

Motion/Vote: REP. GALVIN-HALCRO moved that SB 260 BE CONCURRED IN AS AMENDED. Motion carried 18-0.

REPRESENTATIVE WADDILL will carry the bill to the house.

HEARING ON SB 425

Sponsor: SENATOR MIGNON WATERMAN, SD 26, Helena

Proponents: Arlene Parisot, OCHE
Spencer Sartorius, OPI
Sandra Merdinger, OCHE

Opponents: None

Opening Statement by Sponsor:

SENATOR MIGNON WATERMAN, SD 26, Helena, said she brought the bill to make permanent the designation of the Board of Regents as the eligible agent for administering the Carl Perkins Vocational and Technology Education Program. The bill is brought at the request of the Senate Education and Cultural Resources Committee. The bill also creates or continues an advisory committee, but it does amend the makeup of that committee. There will be three people from both the K-12 advisory committee for Carl Perkins and the higher education advisory committee for Carl Perkins. Two of those three will be educators, the remaining member will be either a business or public member of those existing boards. They will meet and report on needs in Carl Perkins. The other thing this bill does is remove the sunset provision that was in the legislation two years ago.

Proponents' Testimony:

Arlene Parisot, Director of Work Force Development, State Director of Vocation/Technical Education, under the Carl Perkins Legislation, OCHE and The Montana Board of Regents stated she supports **SB 425** which is a designation of Montana Board of Regents as the eligible agents. She also supports the section of the bill that includes an advisory committee. She thinks this will do much to promote the collaboration that is necessary between OPI and the Office of Vocational Education to provide the services that this legislation enables. The purpose of Perkins monies is to improve vocational/technical education in the state. It has made a tremendous contribution to that. Some of the activities and programs that are provided through Perkins legislation are that it provides for state of the art equipment, learning centers, retention programs, staffing at both agencies to provide assistance to the field, professional development for the teachers and faculty that are involved, disability services, nontraditional training and employment and a focus on increasing use of technology in the classroom. **EXHIBIT (edh50a01)**

Spencer Sartorius, OPI, said **SB 425** does two things. It names the Board of Regents as the designated agency for administering Carl Perkins funds for vocational programs and requires the creation of an advisory committee from the field. OPI supports

both and pledges to work cooperatively with the commissioner's office to effectively implement vocational programs.

Opponents' Testimony: None

Questions from Committee Members and Responses:

REPRESENTATIVE MANGAN asked **Ms. Parisot** if there will be revisions necessary during the time span of the bill?

Ms. Parisot said yes, they are in that period of time at the present. The end of the second year of the authorized legislation is the designated time for revisions. The first year they had a transition plan, so they had to rewrite the final plan. At the end of the second year, which is now, they are to revise the plan and make any changes either agency would deem necessary. It must be in by April 15, therefore, they have begun that process. The advisory committee would not necessarily be within the parameters of that time frame, but each year either agency can make suggestions for any changes they see necessary. Colleagues from the field can also make suggestions. There can be other revisions at that time.

REPRESENTATIVE GALVIN-HALCRO asked the **SPONSOR** if the board was to be increased from five members to six members? The **SPONSOR** said yes. The makeup of the previous board included two people from K-12, two people from higher education and one from the community. They felt it was better to use the existing advisory boards they have, rather than to recreate a third board that was separate from the other two. What they want is continuity in the planning process by drawing from the existing two boards to make up the joint board. That is the purpose for the change.

REPRESENTATIVE GALVIN-HALCRO asked if there would be any fiscal impact for the additional board member? The **SPONSOR** said no.

REPRESENTATIVE GALVIN-HALCRO asked the **SPONSOR** to define an educator, as used in the bill. The **SPONSOR** said they would be educators that are selected on their board. They would be people who teach in the field. **REPRESENTATIVE GALVIN-HALCRO** asked if the **SPONSOR** was talking about classroom teachers or was she talking about administrators? The **SPONSOR** deferred the question to **Ms. Parisot**. **Ms. Parisot** said that in looking at the advisory boards that are currently in place at this time, both the advisory board with OPI in relation to vocational/technical education careers and vocational/technical education and the advisory board at OCHE which is specifically post secondary Perkins career and vocational/technical educations have members who are practitioners from the field. She would not like to determine the definition of an educator in terms of the **SPONSOR's**

amendment to the bill. She would presume it should be a practitioner in the field, not necessarily an administrator, although it could be a project director of Perkins funds at a post secondary level. At the secondary level she does not know what the counterpart of that would be. **REPRESENTATIVE**

GALVIN-HALCRO asked **Ms. Parisot**, when you speak of a practitioner, are you referring to a classroom teacher?

Ms. Parisot said yes.

REPRESENTATIVE JACKSON had a question for **Ms. Parisot**. How much federal money comes in with the Carl Perkins money? **Ms. Parisot** said a little more than five million dollars were received this year for the state allocation. **REPRESENTATIVE JACKSON** asked **Ms. Parisot** how much of the five million dollars is used for administration? **Ms. Parisot** said 5% and that amount is split between OPI and OCHE. OCHE has 32% of that and OPI has 68% of the administration portion. That is a match. **REPRESENTATIVE JACKSON** asked how many staff members are funded through the money and where do they work? **Ms. Parisot** said in OCHE Perkins funds they have **Ms. Parisot** as state director, an accountability special population specialist, another individual is the tech-prep coordinator. Tech-prep funds are separate; they are Perkins funds from another pot of money that had a bit more than \$516,000 this year. There are four specialists and an administrator in OPI. **REPRESENTATIVE JACKSON** asked if she knows what the specialized areas are? **Ms. Parisot** replied they are family and consumer sciences, business and technology, industrial technology, and agriculture. **REPRESENTATIVE JACKSON** asked if there are on-sight evaluations and who does them in the programs? **Ms. Parisot** said OPI evaluates the secondary programs. At the post secondary level OCHE does on-sight evaluations, 25% per year. **REPRESENTATIVE JACKSON** asked who is eligible to receive the money? **Ms. Parisot** said eligible recipients are those secondary programs, in this case, the secondary programs asked to receive a waiver, so any school could apply. It did not have to reach a \$15,000 minimum, which is based on its formula allocation. All secondary schools can receive funding based on the formula that is in the legislation. Post secondary level funding can be received by all institutions that offer degrees less than a baccalaureate or certificates, so basically it is two-year institutions, although there is an eligible program at Montana State University-Northern, because they offer associate degree programs as well as certificate programs. **REPRESENTATIVE JACKSON** asked what is the split between secondary and post secondary in terms of the expenditure of the grant? **Ms. Parisot** said it is 65% for secondary and 35% for post secondary split. **REPRESENTATIVE JACKSON** asked if there is a maintenance of effort requirement and a match requirement? **Ms. Parisot** there is a

match requirement for the administrative portion of the funds. She did not have maintenance of effort information with her, but it is available. They have a fiscal person on staff that takes care of maintenance of effort.

REPRESENTATIVE LAWSON questioned **Ms. Parisot** about the make-up of the board. He was concerned about the potential polarization of the six member board, with a board having three members representing OPI and three members representing OCHE. With an even number from each advisory, if a situation arose without a tie breaker, is there a possibility that the board could find itself in some kind of gridlock because of the make-up of the board? **Ms. Parisot** said she appreciated the question; she said her definition of "advisory" is different from the definition of task-force. **REPRESENTATIVE LAWSON** asked **Ms. Parisot** if she would consider looking at an odd number of members on the board to break the potential deadlock. **Ms. Parisot** said she would like to defer the question to the **SPONSOR**. The **SPONSOR** said there was a five-member committee previously. Two members came from K-12 and two members came from higher education and one from a community-based organization. That led to the community-based person being pulled by each side. In the Senate Education Committee they felt it was important that the committee members have ties to the existing advisory committees, but they carefully selected two persons who would be business people and members of the public. She believes that will serve better and avoid a deadlock, there are some very strong sentiments in K-12 and higher education as to the use of Carl Perkins funds. They felt that the two people who are community members will help break the gridlock and bridge it. Otherwise, you end up with a situation where one group of the other has more votes and that is not healthy.

REPRESENTATIVE WOLERY asked the **SPONSOR** about the committee being an advisory one in nature. These people are going to be making decisions and mathematically there can be a tie. He asked her to address his concerns. The **SPONSOR** said they are advisory and her hope is that they will take this job seriously enough that they will have some influence on the plan. The last committee did have influence on the makeup of the plan. Even though they are advisory, their advice will be taken. She doesn't think with two public members on the board that they will end up in a deadlock. There have been some turf wars in the past and she believes the split is now two, two, and two and she believes that will serve better.

REPRESENTATIVE MANGAN also had a question for the **SPONSOR**. Would it be safe to say the consensus that proposed this committee with two proponents and no opponents, a plan in place for the work being done, is a good indication of a willingness to work

together and forward the bill without some of the concerns that were seen in the last few years? The **SPONSOR** said they are seeing some crumbling of the turf wars. There are still concerns out there both in higher education and K-12. What she sees happening is an increasing interest in business, tech prep and technical education. She believes that is healthy and she hopes they are strongly involved in the process and will break down the barriers. Business is understanding that we need a seamless system.

REPRESENTATIVE JACKSON had a question for the **SPONSOR**. He asked her to explain to him the advisory board makeup. He wanted to know if there is a statewide advisory committee required made up of business and industry people. The **SPONSOR** said the Carl Perkins grants require an advisory committee and the programs each have their own advisory committees now. Her hope is that a joint advisory committee will break down some of the turf. Historically they have each had their advisory committee and they had their pot of money. The Senate Education Committee felt very strongly that they need to work together; Carl Perkins is a system of funding and it needs to cross K-12 and higher education. **REPRESENTATIVE JACKSON** asked about the writing of the state plan. How does that process work? The **SPONSOR** deferred the question to **Ms. Parisot**. **REPRESENTATIVE JACKSON** said it appears that the state plan committee might be more of a political committee making political decisions and he is wondering how the state plan is developed, because he is assuming that since the purpose of the program is improvement, that there is specific information that gets into the development of the state plan in regards to the programs in the state based on evaluations. **Ms. Parisot** said the state plan for this authorized period has been completed and any revisions which would be the result of this bill, as well as what the state needs to do to improve their performance levels and make sure they are in alignment with levels that everyone can live with and will show improvement. That is an effort that has to go on between both agencies. In terms of evaluation, she would see the committee looking at evaluations that are in place that will check on what needs to be done. She would foresee that the committee could be very helpful in determining where they put some of the dollars, where the needs are, professional development, equipment, new program development; she sees the makeup of the committee as very supportive of those kinds of things.

REPRESENTATIVE PETERSON had a question for the **SPONSOR**. He said he has some of the same concerns as **REPRESENTATIVE LAWSON**. He does not understand the makeup of the committee. The **SPONSOR** said that there are three appointed members from each of those advisory councils, but only two of the members of the three from

the advisory councils can be educators. Each of those advisory councils have business people. She believes that if business people were appointed at large and the others came from the advisory councils, they would be at a disadvantage because they would not be familiar with the program. The business people who serve on those K-12 and higher education advisory committees are very knowledgeable in Carl Perkins education and technical education. Two of those people would have to be business people, but they would also serve on those other two committees.

REPRESENTATIVE PETERSON asked the **SPONSOR** to explain the mechanical process of appointing the people; who appoints them? The **SPONSOR** said they will be appointed by OPI or by the chairman of that advisory committee in each case and then higher education. **REPRESENTATIVE PETERSON** continued. He said he would like to make a suggestion. In condemnation matters, before one goes to court, you have a condemnation commission. It's a committee of three commissioners. The statute provides that each side appoints one commissioner and those two commissioners select a third, who then becomes the chairperson of that commission. He is wondering if the two business persons who are appointed could be authorized to appoint a third person who would serve as the chair and then you would have seven people on the commission. What would she think of that procedure? The **SPONSOR** said her concern is that there is still going to be one person who is going to be pulled to one side or the other. She was the person that developed the odd number in the committee during the last session. It didn't work the way she thought it would. The odd person was pulled by both sides to align with one side or the other and it became a turf battle. This new group will not stay gridlocked because they do care about Carl Perkins education and having them evenly divided will force them to work together. She would not have said that two years ago.

Closing by Sponsor:

SENATOR WATERMAN said this bill will move education in the right direction and if they are gridlocked for two years, we will have to try for a third time. She is confident that people are beginning to understand that they need to work together. This is too important an issue to have battles occurring from within.

EXECUTIVE ACTION ON SB 425

Motion: **REP. MANGAN** moved that **SB 425 BE CONCURRED IN.**

{Tape : 1; Side B}

Discussion:

REPRESENTATIVE JACKSON offered an amendment to set the time period in the bill to two years.

Discussion:

REPRESENTATIVE GALVIN-HALCRO said if there are problems, she is sure the legislature will hear about them when they meet. She will resist the amendment.

REPRESENTATIVE PETERSON said that he also resists the amendment on the basis of the issues raised by **REPRESENTATIVE LAWSON**.

REPRESENTATIVE ANDERSEN said that she will also resist the amendment. Two years ago there was a great deal of concern among people on this committee also in the senate because there was a lot of division between the two agencies and the legislature felt they were not working together to provide the best opportunities for the students of our state. She does think there has been a great deal of progress made to correct the problem and she trusts that the progress will continue.

Motion/Vote: REP. JACKSON moved that SB 425 BE AMENDED. Motion failed 3-15 with Jackson, Olson, and Walters voting aye.

Motion/Vote: REP. MANGAN moved that SB 425 BE CONCURRED IN. Motion passed 16-2 with Jackson and Walters voting no.

ADJOURNMENT

Adjournment: 4:15 P.M.

REP. GAY ANN MASOLO, Chairman

NINA ROATCH, Secretary

GM/NR

EXHIBIT (edh50aad)